

ANALYSIS OF ORIGINAL BILL

Author: Cardoza Analyst: Kristina North Bill Number: AB 2675

Related Bills: See Legislative History Telephone: 845-6978 Introduced Date: 02/23/98

Attorney: Doug Bramhall Sponsor:

SUBJECT: Voluntary Contributions/Administration of Contribution if No Designee Specified

SUMMARY

This bill, sponsored by the Franchise Tax Board, would clear up inconsistencies regarding voluntary contribution funds and delete redundant and unnecessary language.

EFFECTIVE DATE

This bill would be effective January 1, 1999, and first apply to 1998 returns filed in 1999.

LEGISLATIVE HISTORY

AB 2955 (Ch. 960, Stats. 1996)

SPECIFIC FINDINGS

Current state law allows taxpayers to designate contributions to ten voluntary contribution funds on their 1997 individual state income tax returns filed in 1998. The AFITL requires the FTB to collect the contributions and notify the Controller's Office of the amounts to transfer into the individual fund accounts.

Except for the California Seniors Special Fund, **current state law** requires that, in the event that payments and credits reported on the return do not exceed the individual's tax liability, the return is treated as if no designation has been made.

Except for the California Seniors Special Fund and the California Mexican American Veterans' Memorial Beautification and Enhancement Account, **current state law** requires that contributions with no specified designee be transferred to the General Fund.

The State Children's Trust Fund, the California Fund for Senior Citizens and the Fish and Game Preservation Fund require the individual be notified in cases where

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

☒ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
☐ PENDING

Agency Secretary Position:

☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
DEFER TO ___

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department Director Date
Gerald H. Goldberg 3/12/98

Agency Secretary Date

By: Date

1) no designee is identified; 2) the contribution amount is transferred to the General Fund; and 3) the discrepancy between the amount actually available for designation and the amount designated exceeds \$10.

Except for the California Seniors Special Fund, **current state law** requires that if contributions are made to more than one account and insufficient moneys exist for each designated contribution, the moneys would be prorated among those designated funds.

Because of the inconsistencies between funds, FTB on occasion must currently refund the total designation amount to the taxpayer.

This bill would create a general provision under the Administration of Franchise and Income Tax Laws directing that 1) voluntary contributions with no specified designee be transferred to the General Fund; and 2) where more than one voluntary contribution is designated and insufficient moneys exist to satisfy the total amount designated, the amount would be allocated among the designees on a pro rata basis.

This bill would delete language in 10 of the voluntary contribution funds which would become redundant and unnecessary due to the creation of the general provision.

Policy Considerations

This bill would establish a general provision ensuring that all current and future voluntary contribution funds would be administered in the same manner, unless otherwise specified.

Implementation Considerations

Procedural, schedule and instruction changes could be incorporated during the department's annual program changes.

FISCAL IMPACT

Departmental Costs

This bill would not impact the department's costs.

Tax Revenue Estimate

This bill would not significantly impact state income tax revenue.

BOARD POSITION

Support. The Franchise Tax Board voted to sponsor this language at its meeting of November 17, 1997.